

PROTECTING YOUR CREDIT



If you've always had good credit, you may not realize how good you have it. But ask someone who has been denied credit, and they'll tell you just how important a good credit standing is. Your credit touches nearly every aspect of your life. It affects the rates you pay on goods and services, is considered by potential employers and schools, and directly affects your ability to buy and maintain a home or car, or even to access quality medical care.

To establish and keep a good credit rating, you need to avoid any circumstance that might damage your credit score. And you must take precautions to protect yourself from identity theft.

WHO'S KEEPING SCORE?

Here are some suggestions that can help you establish and maintain a good credit score:

- » Be responsible in your spending. Pay bills on time, every time. Even if you are within the "grace period," as little as a few days' lateness can put you in a lower credit category. Also, stay well within the limits on your cards, and do your best not to carry a balance.
- » Demonstrate stability. Creditors don't like surprises. Frequent or dramatic life changes can make you look like a credit risk, even if they have not affected your finances. Staying in the same home or job for four or five years will earn you points. Applying frequently for additional credit will cost you. In fact, every time a credit issuer even inquires into your credit history at your initiative - such as when you apply for a car loan or take out a new cell phone account - points may be deducted from your credit rating.
- » Avoid co-signing for loans or credit. When you co-sign a loan for a friend, child, relative or significant other, you are placing your own credit directly at risk if that person is somehow unable to pay their debt.
- » Keep informed. Check your credit report regularly. By federal law, residents of most U.S. states are already entitled to at least one free credit file disclosure ("credit report") per year. All states will be covered by September 1, 2005. For your free credit report information, log on to www.annualcreditreport.com, or call (877)-322 8228.

Consumers may also be entitled to a free credit report if they have been denied credit, insurance or a job within the past 60 days. You're also entitled to a free report if you think your report is inaccurate due to fraud.

If you discover an error on your credit report, write to the three major credit bureaus immediately and explain why the entry is incorrect. Attach as much documentation as you can.

WHEN YOU AREN'T "YOU"

Identity theft occurs when thieves obtain your personal information (such as credit card or bank account numbers or your social security number) and use it to carry out financial transactions under your identity. Identity thieves can charge purchases to your credit card, forge checks drawn on your bank account, obtain official ID in your name bearing their own picture, even give your name to the police during an arrest.

Here are some steps you can take to help minimize the chance of identity theft:

- » Keep your life out of your wallet. Carrying unneeded credit cards, your Social Security card or other personal documents on your person increases the chances of identity theft if the cards are lost or stolen. Keep a list (or a photocopy) of your cards and the issuers' customer service numbers so you can cancel cards quickly if they are lost or stolen. Cancel cards that you don't use.
- » Destroy the evidence. Your credit/debit card and ATM receipts can be invaluable to an identity thief. Keep them safe, and destroy them before throwing them away.
- » Protect your Social Security number. Do not give it out to any person or organization unless you trust them and have initiated the communication yourself.

If you believe you have been the victim of identity theft, contact the police immediately. Inform all banks and other institutions where your name has been used, and include a copy of your police report and any other documentation of the theft. Also call the fraud departments of the three major credit bureaus to have fraud flags added to your report. If the damage seems significant, you might also consider contacting a lawyer.

This article is for informational and self-help purposes only. It should not be treated as a substitute for financial, medical, psychiatric, psychological or behavioral healthcare advice, or as a substitute for consultation with a qualified professional.

Need help?

Call toll-free, 24 hours a day, seven days a week:

(866) EAP-4SOC

(866) 327-4762 TDD: (800) 327-0801

or visit us at: eap4soc.mhn.com
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